

Message Text

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ACTION EA-09

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FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC PRIORITY 7596
DEPARTURE OF AGRICULTURE PRIORITY
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE SECTION 1 OF 2 KUALA LUMPUR 3784

MANILA PLEASE PASS SECRETARY BERGLAND AND JOHN FERCH

E.O. 11652: N/A
TAGS: EAGR, MY
SUBJECT: VISIT OF AGRICULTURE SECRETARY BOB BERGLAND, JUNE 15-17
1977

1. SUMMARY. SECRETARY OF AGRICULTURE BERGLAND
TOURED MALAYSIAN PALM OIL AND RUBBER GROWING AREAS JUNE 15-17
AS PART OF AN OFFICIAL VISIT TO THE COUNTRY. HE ALSO CALLED
ON THE DEPUTY PRIME MINISTER AND THE MINISTER OF AGRICULTURE
AND WAS GUIDED ON HIS TOUR BY THE MINISTER OF PRIMARY INDUSTRIES
AND HIS DEPUTY MINISTER. THROUGHOUT THE VISIT MALAYSIAN
GOVERNMENT AND PALM OIL GROWERS EXPRESSED THEIR FEARS OF
GROWING PROTECTIONISM IN THE U.S. IN FAVOR OF DOMESTIC
SOY BEAN OIL. SECRETARY BERGLAND TOLD THE MALAYSIANS THAT
THE U.S. HAS NO INTENTION OF LIMITING PALM OIL IMPORTS, A
STATEMENT WHICH PLEASED THEM MIGHTILY. IN THE EMBASSY VIEW,
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THIS FIRST VISIT TO MALAYSIA BY A CARTER CABINET SECRETARY
WAS AN OUTSTANDING SUCCESS IN TERMS BOTH OF CALMING MALAYSIAN
FEARS AND OF UNDERSCORING THE ADMINISTRATION'S CONTINUING
INTEREST IN SOUTHEAST ASIA. END SUMMARY.

2. AGRICULTURE SECRETARY BOB BERGLAND VISITED MALAYSIA JUNE
15-17, 1977, AS A STATE GUEST OF THE GOM. AN INTENSIVE

PROGRAM WAS ARRANGED BY THE MINISTRY OF PRIMARY INDUSTRIES (PIM), WHICH HAS RESPONSIBILITY FOR PALM OIL, RUBBER AND TIN, THREE OF MALAYSIA'S KEY EXPORT COMMODITIES, TO ACQUAINT THE SECRETARY WITH THE IMPORTANCE OF PALM OIL PRODUCTION TO THE FUTURE ECONOMIC DEVELOPMENT AND POLITICAL STABILITY OF THE COUNTRY. ON THE 15TH, PIM MINISTER DATUK MUSA HITAM, MINISTRY CHIEF SECRETARY TAN SRI TENGKU NGAH MOHAMED, AND OTHER MINISTRY OFFICIALS HELICOPTERED WITH THE BERGLAND PARTY TO A FELDA PALM OIL DEVELOPMENT SCHEME FOR SMALL HOLDERS IN CENTRAL PAHANG AND THEN TO A KAMPONG (VILLAGE) IN SELANGOR TO VISIT MALAY RUBBER SMALL HOLDERS WORKING UNDER RISDA. THAT EVENING MUSA HITAM HOSTED A DINNER IN THE SECRETARY'S HONOR AT WHICH TRADE AND INDUSTRIES MINISTER DATUK HAMZAH ABU SAMAD AND OTHER LUMINARIES ALSO WERE PRESENT. ON THE 16TH, SECRETARY BERGLAND AND HIS PARTY SPENT MUCH OF THE DAY AT THE JENDERETTA PLANTATION NEAR TELOK ANSON IN PERAK WHERE THE PLANTATION MANAGER DATO' BEK-NIELSON ENERGETICALLY PRESENTED THE CASE FOR PALM OIL AS AN IMPORTANT AND STABLE SOURCE OF EDIBLE OIL. IN THE LATE AFTERNOON THE SECRETARY CALLED ON AGRICULTURE MINISTER DATUK ALI HAJI AHMAD AND THAT EVENING HOSTED A DINNER IN HONOR OF HIS MALAYSIAN HOSTS AT WHICH DATUK ALI AND DEPUTY PIM MINISTER PAUL LEONG WERE PRESENT. ON THE 17TH, THE SECRETARY WAS BRIEFED AT THE ECONOMIC PLANNING UNIT OF THE PRIME MINISTER'S OFFICE BY MINISTER WITHOUT PORTFOLIO TAN SRI CHONG HON NYAN AND THEN MADE A COURTESY CALL ON DEPUTY PRIME LIMITED OFFICIAL USE

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MINISTER AND EDUCATION MINISTER DATUK MAHATHIR MOHAMED (WHO IS CURRENTLY ACTING PM), BEFORE LEAVING FOR MANILA.

3. THE GOM AND THE LOCAL INDUSTRY MADE IT CLEAR AT EVERY OPPORTUNITY THAT THEIR MAIN CONCERN IS TO HEAD-OFF PROTECTIONIST EFFORTS IN THE U.S. THAT WOULD CURB OR PENALIZE THE IMPORT OF PALM OIL. IN HIS CONVERSATIONS WITH DPM MAHATHIR, PIM MINISTER MUSA AND AGRICULTURE MINISTER ALI, SECRETARY BERGLAND STRESSED THAT "WE HAVE NO INTENTION PLF PLACING ANY LIMITS ON PALM OIL IMPORTS, THERE WILL BE NO QUOTAS, AND THERE WILL BE NO EMBARGOS". IN REPLYING TO PRESS INQUIRIES JUNE 16TH, HE POINTED OUT THAT THE CARTER ADMINISTRATION REGARDS FREE TRADE AS ESSENTIAL TO THE ECONOMIC STABILITY OF THE ENTIRE WORLD, AND THAT HIS TRIP TO ASIA IS SYMBOLIC OF THE EMPHASIS WE ARE PLACING ON THE REGION IN THIS REGARD. ALTHOUGH THERE ARE VOICES BEING RAISED IN FAVOR OF PROTECTIONISM IN THE UNITED STATES AT THIS

TIME, THE ADMINISTRATION REALIZES THAT OVERSEAS SALES OF FOOD PRODUCT
S
ARE A MAJOR ELEMENT IN THE U.S. BALANCE OF PAYMENTS AND
WE THEREFORE MUST WORK FOR THE FREEST POSSIBLE
INTERNATIONAL TRADING SYSTEM. WE THINK PALM OIL IS A
LEGITIMATE COMPETITOR FOR SOY BEAN OIL IN THE
U.S. AND WE REALIZE THAT PALM OIL CAN MAKE AN IMPORTANT
CONTRIBUTION TO THE RISING DEMAND FOR FOOD
WORLDWIDE.

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 7597

DEPARTURE OF AGRICULTURE PRIORITY

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

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LIMITED OFFICIAL USE SECTION 2 OF 2 KUALA LUMPUR 3784

MANILA PLEASE PASS SECRETARY BERGLAND FOR JOHN FERCH

4. IN RESPONSE TO OTHER QUESTIONS, THE SECRETARY
SAID THAT THE CARTER ADMINISTRATION IS REVIEWING POLICY
TOWARD INTERNATIONAL FINANCIAL INSTITUTION FINANCING
OF PALM OIL PROJECTS, NOTING THAT MALAYSIA HAS NOT
RELIED HEAVILY ON IFI'S TO DEVELOP ITS PALM OIL
INDUSTRY. HE ALSO POINTED OUT THAT NOT ENOUGH IS KNOWN
ABOUT HUMAN NUTRITION TO MAKE A JUDGEMENT REGARDING THE
EFFECTS OF PALM OIL POLYUNSATURATE CONTENT. HE STATED
THAT THERE ARE NO CASES INVOLVING PALM OIL CURRENTLY
BEFORE THE INTERNATIONAL TRADE COMMISSION, BUT
IF ONE WAS RAISED HE WOULD RECOMMEND THAT THE
PRESIDENT REJECT ANY PROPOSAL TO PLACE QUOTAS ON

PALM OIL. SECRETARY BERGLAND EMPHASIZED THAT SUCH QUOTAS ARE NOT PRESENTLY BEING PROPOSED AND REMINDED THE PRESS THAT JUST BECAUSE BILLS WERE SUBMITTED IN CONGRESS RECOMMENDING QUOTAS OR TARIFFS, THIS DOES LIMITED OFFICIAL USE

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NOT MEAN THAT THEY HAVE MUCH CHANCE OF PASSAGE. FINALLY, IN RESPONSE TO A QUESTION ABOUT ALLEGED DISCRIMINATORY FREIGHT RATES ON PALM OIL, HE SAID THAT THE U.S. IS UNHAPPY ABOUT PRESENT PACIFIC FREIGHT RATES WHICH MAKE IT MORE EXPENSIVE TO SHIP GOODS FROM THE U.S. TO ASIA THAN FROM ASIA TO THE U.S.

5. THE SECRETARY ALSO TALKED TO OFFICIALS AND THE PRESS ABOUT US DESIRE TO STUDY THE ESTABLISHMENT OF SCHEMES FOR COOPERATIVE STOCK PILES OF GRAINS AND OTHER FOODSTUFFS TO ALLEVIATE SHARP PRICE FLUCTUATIONS AND ENSURE EMERGENCY SUPPLIES IN AREAS OF SHORTAGE. HE POINTED ALSO TO THE CHAOTIC STATE OF THE WORLD SUGAR MARKET AND THE ADMINISTRATION'S INTEREST IN AN INTERNATIONAL SUGAR AGREEMENT.

6. COMMENT. IN THE EMBASSY'S VIEW SECRETARY BERGLAND VISIT WAS AN UNQUALIFIED SUCCESS AND THE MALAYSIAN REACTION TO IT DEMONSTRATED CLEARLY THEIR PLEASURE AT RECEIVING THEIR FIRST CABINET LEVEL EMISSARY FROM THE CARTER ADMINISTRATION. HIS COMMENTS ON PALM OIL WERE EXTREMELY WELL RECEIVED AND HIS STATEMENTS ABOUT CONTINUED U.S. INTEREST IN SOUTHEAST ASIA WENT FAR TO COUNTERACT CHARGES THAT WE ARE WITHDRAWING FROM THE REGION.
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